

The complaint

Miss L complains that Volkswagen Financial Services (UK) Limited, trading as Audi Financial Services (who I'll call VWFS) took a balloon payment when they'd agreed not to.

What happened

Miss L took receipt of a used car in February 2021 and financed the deal through a hire purchase agreement with VWFS. There was an optional final (balloon) payment of £11,827.50.

Before the agreement ended Miss L called VWFS and it was agreed that the balloon payment was not to be taken. But on 3 March 2025 VWFS did call for the payment. That potentially left Miss L in a significant overdraft until VWFS reversed the payment.

Miss L complained to VWFS as she said their actions had caused her significant distress. They accepted that they had made a mistake and offered £150 in compensation.

Miss L referred her complaint to this service, but our investigator noted that Miss L had not incurred any interest or charges in relation to the unexpected overdraft and felt £150 was reasonable in the circumstances.

As Miss L disagreed, her complaint has been referred to me, an ombudsman, for a decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I know it will disappoint Miss L, but I agree with our investigator's opinion and for broadly the same reasons.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Miss L acquired her car under a hire purchase agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

There's no dispute that VWFS made a mistake here. They assured Miss L that a balloon payment wouldn't be taken and then proceeded to try to do so.

I'm not sure the balloon payment was taken as Miss L's VWFS account statement suggests it was rejected by her bank, and while the bank statement Miss L has provided shows the

transaction, it's just one page and doesn't show if the transaction was reversed. It would be unusual for the bank to allow an account to go so significantly overdrawn so I think it's more likely than not that the payment was never processed. However, that doesn't change the fact that the issue would have been distressing for Miss L.

I understand that it must have been distressing for Miss L to have been unexpectedly overdrawn by such a large amount. That would have been compounded by the fact she was going on holiday the next day and had little time to remedy matters. Miss L has explained that she was also looking to buy a house and was concerned about the impact on her credit file, she's naturally upset that VWFS haven't met the requirements of their regulator in that they have failed to ensure that information given was not misleading and carried out with due care. But, on the other hand, the money was returned quickly. Miss L didn't incur any charges or interest and I've not seen that the incident had any impact on her credit file.

All told, I think compensation of £150 is reasonable and in line with what this service would usually order for such a one-off incident that is remedied quickly and has caused minimal impact. I'm not asking VWFS to take any further action.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 10 September 2025.

Phillip McMahon
Ombudsman